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SUBJECT: CYPRUS: APRIL 10 SEMINAR STRIVES TO FIGHT IPR PIRACY IN
AREA ADMINISTERED BY TURKISH CYPRIOTS

REF: NICOSIA 154

(U) This cable is sensitive but unclassified. Please protect accordingly.

1. (SBU) Summary: On April 10, more than 70 Turkish Cypriot professionals from various sectors attended a seminar on how to improve IPR legislation and enforcement in the area administered by Turkish Cypriots. The seminar was co-sponsored by the Embassy and the Turkish Cypriot Chamber of Commerce, which hosted the event. The seminar generated a considerable amount of public awareness on the need for stronger IPR protection. International speakers included a U.S. Department of Justice official and private sector representatives from the film, pharmaceuticals, and risk management sectors from Brussels, Istanbul, and London, respectively. Local speakers represented the software and cinema sectors. (Note: the U.S. does not recognize the self-proclaimed "Turkish Republic of Northern Cyprus." To reflect this, any references to official "TRNC" bodies are placed in quotation marks. End note.) End summary.

Background

2. (SBU) Currently, Turkish Cypriot legislation on IPR is very weak and antiquated (dating to the UK Colonial era) and even this legislation is rarely enforced. Piracy is well-established and accepted in the area administered by Turkish Cypriots. Pirated CDs and DVDs, as well as counterfeit merchandise, are the norm. (A full review of Cyprus' IPR practices is provided in Post's recent Special 301 submission, per reftel.)

3. (SBU) Against this backdrop, the Embassy organized on April 10 a seminar at the Turkish Cypriot Chamber of Commerce on strengthening IPR protection with an emphasis on countering the idea that this activity does no harm to Turkish Cypriot society. The seminar was held in conjunction with an IPR workshop organized by the Embassy in the government-controlled area of Cyprus on April 9 (see Septel). Both workshops were funded partly by the FY09 Business Facilitation Incentive Fund (BFIF) Program. The Embassy had organized similar workshops north and south of the "Green Line" separating the two sides several times in the past, last in March 2007.

4. (SBU) The aim of the seminar was to create greater awareness in Turkish Cypriot society of the need for modern IPR legislation and associated enforcement and to influence local decision makers towards this end. We believe the seminar achieved these goals.

Seminar Outline

5. (U) At the opening of the seminar, the Ambassador delivered brief remarks, along with the Vice-President of the Turkish Cypriot Chamber of Commerce. (Note: It is significant that the premier business organization in north Cyprus demonstrated support for new legislation, rather than supporting its members who are involved with retailing pirated or counterfeit goods. End Note.) Matthew Lamberti, Intellectual Property Law Enforcement Coordinator for Eastern Europe for the United States Department of Justice (based in

Sofia, Bulgaria) provided the keynote address explaining the damage IPR violations do to an economy's economic growth and the link such activity has to organized crime. Other speakers included representatives from the Motion Picture Association (MPA) in Brussels, who spoke about internet piracy, and from the pharmaceuticals sector in Istanbul who discussed the danger to consumers of counterfeit drugs. Local speakers represented the software and cinema sectors, both of which are in dire economic straits because of unrestrained piracy.

16. (SBU) Participants engaged in a lively and constructive discussion afterwards. It offered a forum for stakeholders whose rights are being directly violated to express their views to a diverse audience comprised partly of "government" employees. It also gave an opportunity for debate for some NGOs that argued, given the "enforced isolation" of north Cyprus, that Turkish Cypriots "had the right" to violate others' IPR.

17. (U) The seminar attracted over 70 professionals mainly from the private sector, particularly attorneys and NGO representatives, but also several officials from the Turkish Cypriot administration, including the "Undersecretary" from the "Ministry of Finance," and officials from the "Department of Customs," the "Trade Department,"

and the "State Investment Agency."

18. (SBU) Highlights of the discussion follow:

-- Moderator and leading Turkish Cypriot IPR lawyer Akan Gurkan noted that much EU aid, now and in the future, would depend partly on IPR law enforcement.

-- The owner of a leading local cinema chain noted that the existing broadcasting law was not functioning properly, and complained about illegal competition from local TV channels transmitting pirated films. Local TV stations do not pay royalties or licensing fees even to local artists. Hundreds of DVD clubs sell and rent all the latest movie releases before they are shown in local theatres, printing copies to order. Internet piracy is also sentative of the music bu3point that local artists` come together to claim@. He stressed that tryinQy would not work. A TurkiQined bitterly that he e!hs work.

-- A British r called attention to the@ with piracy. Economies Qion in respecting other pQrty are doomed to medio#`t piracy is often assoc`ounts of money involved) @cluding terrorism - citinQ

-- One participant repoQ impossible to find non-tware on the market. He a`ufacturers produced pirat while other counterfeit Qd from abroad, mainly fQesentative of a Turkish c! company (which is being sued for piracy itself) reported that his company had acquired the rights to transmit to the north only to learn that its signal was being re-transmitted illegally through cables laid out from one user's home. A judge who was asked to rule on this practice said that it was legal and that there was nothing he could do about it.

-- A leading Greek Cypriot lawyer who attended the seminar noted that the UN Annan Plan for the reunification of Cyprus (which was accepted by the Turkish Cypriots but rejected by Greek Cypriots in April 2004) contained an excellent model for modern IPR legislation, which the Turkish Cypriot administration could adopt as a step towards harmonizing its laws with the EU, if it had the political will.

Achievements

19. (SBU) The seminar:

-- Raised, once again, the issue of blatant IPR violations in the area administered by Turkish Cypriots and highlighted the need for change.

-- Helped get Turkish IPR NGOs more involved in the Turkish Cypriot community, lobbying for positive changes.

-- Facilitated cooperation on IPR issues between leading Turkish Cypriot and Greek Cypriot IPR lawyers.

-- "Government officials" discussed the fact that, without better IPR protection, the majority of computer science graduates from Turkish Cypriot universities would inevitably have to emigrate to earn a living. There is growing awareness among economists and some businessmen in the north that future economic growth will depend on becoming a more knowledge-based economy.

Other Outcomes

¶10. (SBU) Piracy/counterfeiting across the Green Line remains a serious problem. Since 2003, restrictions on trade across the Green Line were eased to encourage legitimate trade between the two parts of Cyprus. However, this also opened the door to a growing flow of pirated goods from north to south. During the margins of the event,

the U.S. Department of Justice speaker took the opportunity to walk around in the northern part of Nicosia to get a feel for the piracy situation first hand. He noticed that much of the counterfeiting/piracy in the north focused on the tourist areas (e.g. just north of the Ledra Palace crossing in the old part of Nicosia, as well as in Kyrenia). This led to a suggestion -- already put forward to decision makers -- of an awareness campaign for tourists/expats targeting these areas.

¶11. (SBU) One of the speakers, Ahmet Asena, Secretary General of the Turkish Phonographic Industry Society (Mu-Yap -- the Turkish IFPI affiliate), noted privately that his organization has started paying more attention to the situation in north Cyprus largely as a result of our previous seminar there in 2007. Asena and some of the other speakers also took advantage of their visit to lobby key members of the Turkish Cypriot administration for stronger IPR protection.

Comment:

¶12. (SBU) Turkish Cypriots routinely blame the outside world for their economic isolation, but all too often fail to acknowledge that it is sometimes their own actions or omissions that contribute to this isolation - IPR violations being a case in point (as was noted by several speakers.) The Embassy has no illusions that the blatant IPR violations taking place north of the "Green Line" will vanish overnight as a result of this seminar. However, we believe that Turkish Cypriots are slowly getting the message that, sooner or later, in order to build a sounder foundation for their economy; they will need to respect international IPR. Once the Cyprus problem is resolved, Turkish Cypriots will be required to abide by the same standards as the rest of the EU. This cannot happen overnight. But more Turkish Cypriots are beginning to understand that they need to act now to prepare for that day.

¶13. (SBU) The strong turnout - twice as many participants as in 2007 - is a sign that IPR awareness is gradually taking root in the north. However, considerable challenges still remain: principally, the Turkish Cypriot administration seems to lack the political will to get behind this problem. Piracy is tacitly tolerated by the authorities, and there is political reluctance to "rock the boat." As one politician told us "there are several hundred retailers of illegal optical disks and other pirated goods. And they all vote."

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